

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TENNESSEE
Southern Division**

IN RE:

**WILLIAM R. SASHER
BONITA G. SASHER**

Debtors.

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**Case No. 07-10425
Chapter 7**

RICHARD F. CLIPPARD, U.S. TRUSTEE

Plaintiff,

vs.

**WILLIAM R. SASHER
BONITA G. SASHER**

Defendant.

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**Adversary Proceeding
No. _____**

COMPLAINT OBJECTING TO DISCHARGE OF DEBTORS

Comes now, the United States Trustee by and through counsel, and files this Complaint Objecting to Discharge of debtors pursuant to 11 U.S.C. § 727 and Bankruptcy Rule 4004(d) and 7001 (4), of the Federal Rules of Bankruptcy Procedure. The Court has jurisdiction in this matter pursuant to 28 U.S.C. § 1334 and venue is proper pursuant to 28 U.S.C. § 1409. This is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(j). In support of this Complaint, the United States Trustee would show the Court as follows:

1. The debtors in this case, William R. “Bill” Sasher and Bonita G. “Bonnie” Sasher operated a series of family owned and operated business entities, websites, and trade names during 2005, 2006, and 2007 until the filing of this case on January 31, 2007. The Sashers were

aided in these business efforts by their daughter, Nicole Goss, and her husband, Tim Goss.

Nicole Goss filed a chapter 7 case on March 8, 2007, case number 07-10920. The Sashers were also aided in these business efforts by their other adult daughter Michelle “Shelley” McClanahan and her husband, Jason McClanahan. These six family members were either owners, officers, employees or contract laborers for some or all of the various entities or business ventures generally headed by the Sashers.

2. Based on preliminary discovery conducted as sworn testimony at meetings of creditors and Rule 2004 examinations of Mr. and Mrs. Sasher, the U.S. Trustee has been able to identify six primary bank accounts used by the Sashers and Ms. Goss from June 2005 until the filing date of the Sasher bankruptcy on January 31, 2007, and four bank accounts used immediately after that date into which significant deposits were made. A summary of these accounts in spread sheet form is attached as Exhibit 1.

3. The Sashers, Gosses and McClanahans operated under a number of business and internet names including The Sasher Group, American Safe Rooms, American Freedom Fuels, Dogwood Energy, Dogwood Energy Co., Bio MPU, LLC, Dogwood Consulting, LLC, Sasher Consulting, LLC, Continental BioIndustries, Inc., woodfuelpellets.com, pelletmart.com, sleepbuddy.com, thehappyviking.com, dogwoodenergy.com, americanfreedomfuels.com, and bulkpellets.com.

4. Most or all of the business entities were operated out of the residences of the Sashers or the Gosses or the McClanahans or from a single office location in Tullahoma, TN.

5. In chronological order, the primary entities into whose bank accounts the largest pre-bankruptcy deposits were made during 2005, 2006, and 2007 were:

American Safe Rooms	Farmers Bank of Lynchburg	\$162,403.84
Nicole Goss	Traders Bank	\$927,929.94

American Freedom Fuels	Farmers Bank of Lynchburg	\$307,437.50
William Sasher	Traders Bank	\$103,960.82
Dogwood Energy Co.	U.S. Bank	\$740, 534.63
Bio MPU, LLC	Traders Bank	\$169,684.98

Post January 31, 2007 deposits were made into the following accounts:

William Sasher	Regions Bank	\$67,349.70
Sasher Consulting, LLC	Regions Bank	\$665,669.15
Sasher Consulting, LLC	Bank of Tullahoma	\$263,457.75
Dogwood Energy, LLC	Regions Bank	\$8,416.20

See Exhibit 1.

6. During the time period shown on the banking spreadsheet (Exhibit 1) June 2005 through May 2006, the funds received by American Safe Rooms were the result of efforts to sell and install safe rooms which are described as reinforced rooms within a residence designed to protect residents from tornadoes or intruders. The Sashers testified that they successfully installed several such rooms. One safe room with a sale price of \$173,350 was the subject of a lawsuit alleging fraud brought by Dr. Leon LaHaye in the United States District Court for the Western District of Louisiana, CV06-0620 against William R. Sasher d/b/a American Safe Rooms and Bonita Gail Sasher filed on April 12, 2006 based on a check in the amount of \$86,675 paid on April 1, 2005. That matter was resolved by an agreed judgment for \$86,675 with Sasher paying only \$10,000 toward the judgment. A separate dischargeability action has been brought by attorneys for Dr. LaHaye in an adversary filed on July 18, 2008. The authorized signatories on the American Safe Room account are William and Bonita Sasher.

7. Beginning in January 2006, the Sashers and Nicole Goss and other members of their family operated sales operations primarily under the business names of American Freedom Fuels and later in 2006, Dogwood Energy Co.

8. During 2006 the Sashers formed Dogwood Energy, LLC but continued to deposit in excess of \$1 million into the bank accounts of American Freedom Fuels (authorized signers: Bonita Sasher, Nicole Sasher, and William Sasher) and Dogwood Energy Co. (authorized signers: Bonita Sasher, Nicole Goss, and William Sasher). Only a total of \$8,416.20 had been deposited in the Dogwood Energy, LLC bank account post petition—March, April and May of 2007.

9. Dogwood Energy, LLC is owned 51% by Bonita Sasher and 49% by William Sasher.

10. Nicole Goss is believed to have been an officer of Dogwood Energy, LLC.

11. The sales made by the Sashers and Ms. Goss under the names of American Freedom Fuels and Dogwood Energy Co. were compressed sawdust wood pellets sold to consumers for home heating fuel. The pellets are the size of pencil erasers and were purchased from lumber companies in bags on pallets in one-ton quantities for approximately \$150 per ton and sold to consumers for approximately \$200 to \$300 per ton by way of internet advertising, with nearly all purchasers pre-paying months in advance by credit card or through the internet intermediary, PayPal. Sales were made to approximately 910 consumers scattered over many states east of the Mississippi.

12. Despite having prepaid for their sales, hundreds of consumers never received their product. Complaints were made to state attorney general offices of many states, and the Attorney General for the State of Tennessee brought a combined complaint in the Chancery Court of Coffee County, Tennessee on January 8, 2007, for unfair and deceptive acts and practices under the Tennessee Consumer Protection Act seeking injunctive relief, seeking to

have the Sashers and their entities “disgorge the profits and ill-gotten gains”, and for civil penalties of \$1,000 per violation, and costs and attorney fees. **Attached Exhibit 2.** An analysis of the sales information was performed by the staff of the Tennessee Attorney General, and the affidavit attached to the state’s chancery court complaint explains that:

866 consumers paid for pellets between December 4, 2005 and Sept. 21, 2006

195 of those consumers received their pellet shipments (121 of them were late)

580 consumers did not receive pellets or any sort of refund or chargeback

91 consumers received money back from their own credit card or from Paypal

The amount owed to consumers is \$ 275,974 . That figure would be higher except that 91 consumers received funds from their credit card companies or Paypal, with those entities now being victims of this enterprise. **See Exhibit 3.**

13. The chancery court action by the Tennessee Attorney General precipitated the chapter 7 filing by the Sashers on January 31, 2007.

14. Nicole Goss filed her chapter 7 case on March 8, 2007.

15. Dogwood Energy, LLC filed a chapter 7 on July 24, 2007.

16. The Tennessee Attorney General’s counsel have participated in the meetings of creditors and the Rule 2004 examination of the debtors, as well as the meetings held to try to reach a resolution of issues.

17. In addition to the pellet sales, the Sasher family, the Goss family, and the McClanahan family, and other employees or contract labor were in the business of constructing and selling home ethanol stills capable of distilling several gallons of ethanol per hour for individuals to use in their cars. This facet of the business received considerable national notoriety through local and national news reports. The Sashers have testified that these efforts

made money, along with instructional seminars, and written materials sold locally and on line. Of the approximately \$2.5 million brought in before January 31, 2007, it is not yet clear how much was ethanol related and how much was from pellet sales.

18. At about the time pellet sales stopped in late 2006, William Sasher turned his attention to the promotion of larger scale ethanol installation sales. Preliminary information is that on January 22, 2007 (nine days before the chapter 7 was filed) the Sashers through their wholly owned entity, BioMPU, LLC reached a Project Management Agreement with an Arkansas entity that involved construction of a bio-diesel facility capable of producing 10,000 gallons per day of bio-diesel from agricultural sources. The dollar amount of this project and any funds committed or received have not yet been developed by adequate discovery.

19. At about the same time, January 2007, Sasher reached an agreement with individuals and entities in the area of Cordele, Georgia, to construct and install a large scale ethanol plant at an existing location in southern Georgia to produce originally 2,000,000 gallons of ethanol per year, but later the goal was increased to 4,000,000 gallons per year. Unlike the more common corn-based ethanol, this facility would use surplus and stale juices and soft-drink products as the sugar source for distilling ethanol for automotive use.

20. Despite considerable delays and as the result of the investment of millions of dollars of funds by the Georgia entities, along with construction and technical expertise from various Georgia sources, that operation has begun producing ethanol. Profitability is unknown at this stage.

21. William Sasher has a 5% equity interest in the Georgia ethanol venture.

22. On the banking spread sheet (Exhibit 1) on February 8, 2007 a deposit of \$67, 349.70 was made to the personal account of William and Bonita Sasher at Regions Bank from a check received from the Georgia entities on or about February 8, 2007, a week after the chapter 7 was

filed. The \$665,668.15 shown for Sasher Consulting, LLC was deposited during February through May 2007 into a bank account at Regions Bank. The \$263,457.75 shown as deposits for April-June 2007 went into the Sasher Consulting, LLC account at Bank of Tullahoma, and are thought to have also been from the Georgia venture. The preliminary testimony of William Sasher has been that all efforts made by Sasher to put together the multi-million project were all done during the eight day period between the filing of the chapter 7 on January 31, 2007 and the receipt of the check for \$67,349.70 on February 8, such that the bankruptcy estate would have no claim to the proceeds of the project.

23. Of the \$929,126 deposited into Sasher Consulting, LLC accounts in the five months following the Sasher chapter 7 filing, the Sashers wrote checks out to cash totaling approximately \$342,000, to Nicole Goss \$22,925, to Bonita Sasher \$23,325, to William Sasher \$8,100, and to daughter Michelle McClanahan \$4,075.

24. At the time of the filing of the Sashers' chapter 7 case on January 31, 2007, their account at U.S. Bank in the name of Dogwood Energy Co. (not the LLC) had funds on hand of \$13,908.07. The U.S. Bank signature card shows the account signers to be Bonita Sasher, Nicole Goss, and William Sasher.

25. In Schedule B, signed under penalty of perjury the Sashers stated that the balance in the Dogwood Energy Co. account at U.S. Bank at the time of filing was a negative figure of –(\$3,341.93), when in fact the accurate number at the time was \$13,908.37.

26. The \$13,908.07 was part of the funds sought by Chapter 7 trustee Kenneth Still in Adversary Number 07-01057 filed on June 15, 2007. That matter was resolved by an Agreed Order entered on January 8, 2008 in case number 07-10425 in which the Sashers agreed to pay the trustee \$50,000. No payment has been made pursuant to that Agreed Order, and the Sashers are in violation of that agreement and the court's order.

27. The debtors have turned over a van load of approximately 23 banker's boxes of documents, most of which have no useful information. There are stacks of documents about how to win at roulette and charts of gambling results; there are stacks of un-compiled receipts; there are seminar brochures and ethanol promotional materials, a 50-page petty cash accounting ledger book with the first six pages torn out and no actual entries.

28. Two personal computers were provided, but they have little information that would be helpful to determine whether adequate books and records were maintained by the Sashers, by Ms. Goss, or by any of their entities.

29. A 2005 Form 1040 signed by William and Bonita Sasher was provided with a signature date of March 5, 2007. It shows gross receipts from two Schedule C forms: Internet Sales \$46,045 and American Safe Rooms \$99,425, for a total of \$145,470 which is a rough approximation of the \$135,000 shown as deposits into bank accounts in 2005.

30. An unsigned 2005 "Proposed Amended Return" Form 1040 was prepared by accountant Janice House with her typed name but no signatures. It shows the Schedule C gross receipts at \$87,198 and \$92,123 for a total of \$179,321, which is significantly higher than the original \$135,000 shown in the bank deposits to known accounts.

31. No information has been provided concerning personal or LLC tax information for 2006 or 2007.

32. With regard to the adequacy of books and records the following series of emails were found in one of the banker's boxes:

4/30/07 Julie Birdyshaw wrote:

Bonnie,

This is Julie @ Janice House's office, we are working on your taxes and we need to verify some information concerning your checking accounts for 2005. What business is account # 4046943, names listed Nicole M Goss and Bonita G Sasher with Traders

National Bank, and account #4034481, names listed, William Sasher & Bonita G Sasher, also with Traders National Bank?

Thank You,

Julie Birdyshaw

4/30/07 Bonnie Sasher wrote:

Hi Julie,

4046943 is a joint account with my daughter, Nicole, that we had by which we used for incoming credit card sales for a comfort product sales business we shared under "The Sasher Group". We made microwave heated slippers, mittens, etc. and sold battery heated socks and gloves. This account also became the account where most of the sales from PayPal came in prior to the incorporation of Dogwood Energy, LLC for the Dogwood Energy business although Nikki is not an owner in the company. The PayPal account was transferred to Dogwood, but the account at Traders still remains albeit not in use for some time. The other Traders account is our personal account. Did you guys get my general ledger for 2005 okay? This should help explain some things. Also, can you update me on the Quickbooks progress?

Thanks, Julie

Bonnie.

On 5/1/07 Julie Birdyshaw wrote:

Hello Bonnie,

We are currently working on your general ledger for 2005. I still have some questions regarding you checking accounts....I only have December's statement for account #974101, American Freedom Fuels, was this account opened in December 2005? Was the deposits into personal acct. with Traders #4034481, monies that were transferred from the other business accounts? Also, I am missing statements for acct. #972501, American Safe Rooms, I only have statements dating 07/29/05, 10/31/05 and 11/30/05, please get these missing statements to us at your earliest convenience. Did you have any employees for any of the businesses, if yes, are all of the 941's, SUTAS and 940's filed correctly? And lastly, according to your tax returns, the businesses are single member LLC's, on a Sch C, but Janice's understanding is that the businesses are partnerships, between you and your husband. If they are partnerships, this will require a form 1065 (Partnership Return). Have a great day.

Thank You,

Julie

P.S. Please CC: Janice with your reply jhouse38483@yahoo.com

Bonnie Sasher replied on May 1, 2007:

Julie,

All the bank statements I have are in that box and the accountant had reconciled all accounts through August last year. They are extremely confusing, however, the way they did it. I could hardly follow it myself. American Safe Rooms 972501 was not opened until June 2005. Deposits into the personal account 4034481 were from the businesses. There were a few select occasions where we used the personal account for bank wire transfers from out of country customers for business receipt but they would be identified as a bank wire deposit as an international wire. The only business that is an LLC is Dogwood Energy and it became an LLC on May 18 2006. The US Bank is the Dogwood Energy account and rolled into the LLC. All other businesses were sole proprietorships. I didn't do any 941s for anyone. I can't find anyones addresses to send them one and they were all minimal labor amounts as you can see from the ledger. I frankly had no idea what I was doing and selected the best schedule I thought applied to file. Back to the bank statements—Cindy took them to copy—did you check to see if she still has some?

Bonnie

33. Among the documents attached to the 2005 Form 1040 signed by the Sashers as their personal tax return is a property list of depreciable assets which includes five welders, a plasma cutter, a 1999 Chevy Silverado, and various computers with printers, a digital camera and a digital camcorder totaling \$37,443. On January 26, 2007 (five days before the Sasher chapter 7) Dogwood LLC sold to Continental BioIndustries, Inc. three computers and a printer for \$2,300. On January 29, 2007 (two days before the Sasher filing) Dogwood LLC sold to Continental BioIndustries a band saw, a drill press, and an acetylene cutting torch for \$500.

34. Continental BioIndustries, Inc. is a business owned 100% by Nicole Goss's husband, Tim Goss.

35. The remaining list of depreciable assets is not accounted for, and except for the Silverado and a digital camera were not scheduled as assets of the Sashers.

36. In the Statement of Financial Affairs completed and signed under penalty of perjury, the Sashers answered the following with regard to Gross Income received in Question 1:

\$68,000	2006	Jointly—Dogwood Energy, LLC
\$0.00	2005	To be supplied

There is no mention of income from American Safe Rooms, which for 2006 was \$75,000; there is no mention of American Freedom Fuels, which for 2006 was \$307,000, and there was no mention of Bio MPU, LLC, which for 2006 was \$169,684.

37. In the Statement of Financial Affairs completed and signed under penalty of perjury, in answer to Question 11 regarding Closed Financial Accounts, the box is checked for none. No mention is made of the account at Farmer's Bank of Lynchburg #972501 through which \$67,067.35 had been deposited during 2006, and which the account was down to practically nothing on the filing date. It would either have had to be listed as a current account on Schedule B or a closed account on the Statement of Financial Affairs.

38. In the statement of Financial Affairs, completed and signed under penalty of perjury, Question 18 concerning the Nature, location and name of business...officer director, partner...in the prior 6 years, the Sashers answered: "Dogwood Energy, LLC." No mention is made of American Safe Rooms, American Freedom Fuels, Dogwood Energy Co., Bio MPU, LLC, or the multi-million dollar venture in Georgia that developed into Sasher Consulting and Sasher Consulting, LLC.

39. Plaintiff further avers that based upon the foregoing facts and others that will be developed in the course of discovery, the debtors actions are in contravention of the provisions of 11 U.S.C. §727(a)(2), (3), (4), (5), (6), or (7) and, therefore, constitute grounds to deny the debtors' discharge.

PREMISES CONSIDERED, WHEREFORE Plaintiff prays:

- a. That defendants be required to answer in the time allowed by law;
- b. That upon a hearing of this matter, the Court deny the discharge of the debtors, and
- c. That the Court grant such other relief as is just and proper.

RESPECTFULLY SUBMITTED,

RICHARD CLIPPARD

/s/ William R. Sonnenburg
Assistant U.S. Trustee
31 E. 11th Street, 4th Floor
Chattanooga, TN 37402
(423)752-5157
William.R.Sonnenburg@usdoj.gov
TN BOPR No. 006560

SASHER BANK ACCOUNTS

BANK NAME	FARMER'S BANK OF LYNCHBURG	TRADERS NATIONAL BANK	FARMER'S BANK OF LYNCHBURG	TRADER'S BANK	U.S. BANK	TRADERS NATIONAL BANK	REGIONS BANK	REGIONS BANK	BANK OF TULLAHOMA	REGIONS BANK	
ACCOUNT NUMBER	972501	4046943	974101	4034481	151204210885	145548	7201521055	7201466321	4008686	7201466364	
ACCOUNT NAME	AMERICAN SAFE ROOMS		AMERICAN FREEDOM FUELS		DOGWOOD ENERGY CO.	Bio MPU, LLC	SASHER CONSULTING	SASHER CONSULTING	SASHER CONSULTING, LLC	DOGWOOD ENERGY, LLC	MONTHLY
AUTHORIZED NAME(S)	William Sasher Bonita Sasher	Nicole Goss Bonita Sasher	Bonita Sasher Nicole Goss William Sasher	William Sasher Bonita Sasher	Bonita Sasher Nicole Goss William Sasher	William Sasher Greg Kilgore	William Sasher Bonita Sasher		Bonita G. Sasher	Bonita Sasher	TOTALS
2005											
June	\$76,700.00										\$76,700.00
July	\$222.95										\$222.95
August	\$10,252.50	\$985.05		\$20.04							\$11,257.59
September	\$1,888.81	\$2,333.04									\$4,221.85
October	\$1,600.00	\$2,774.02									\$4,374.02
November	\$1,746.90	\$7,072.04		\$40.00							\$8,858.94
December	\$2,887.87	\$27,066.20	\$100.00								\$30,054.07
2006											
January	\$750.00	\$38,512.03	\$9,150.00								\$48,412.03
February	\$7,049.15	\$47,957.84	\$22,202.00	\$1,700.56							\$78,909.55
March	\$7,000.00	\$63,407.37	\$59,373.08	\$1,500.50							\$131,280.95
April	\$18,262.99	\$105,914.49	\$21,892.02	\$6,503.93							\$152,573.43
May	\$32,135.21	\$208,465.30	\$103,017.09	\$14,108.23	\$52,177.20						\$409,903.03
June	\$870.00	\$142,397.57	\$69,595.05	\$11,424.38	\$164,813.55						\$389,100.55
July	\$40.00	\$96,354.85	\$5,000.00	\$17,113.53	\$103,178.19						\$221,686.57
August	\$800.00	\$103,618.14	\$4,327.45	\$24,201.56	\$179,565.69	\$5,000.00					\$312,512.84
September	\$160.00	\$66,791.57		\$8,602.94	\$96,651.55						\$177,206.06
October	\$0.00	\$13,572.41		\$3,256.37	\$81,265.52	\$141,815.44					\$239,909.74
November	\$0.00	\$579.99	\$6,856.81	\$8,803.69	\$2,694.09	\$22,869.54					\$41,804.12
December	\$0.00	\$128.01	\$789.00	\$400.41	\$16,836.39						\$18,153.81
2007											
January	\$27.46	\$0.01	\$5,035.00	\$5,624.18	\$43,352.45						\$54,039.10
February	\$10.00	\$0.01	\$100.00	\$660.32			\$67,349.70	\$185,000.00			\$253,120.03
March				\$0.11				\$221,491.74	\$0.00	\$100.00	\$221,591.85
April				\$0.07				\$164,008.12	\$100,003.75	\$8,216.20	\$272,228.14
May								\$95,168.29	\$143,186.00	\$100.00	\$238,454.29
June									\$20,268.00		\$20,268.00
July											
August											
September											
October											
November											
December											
ACCOUNT TOTALS	\$162,403.84	\$927,929.94	\$307,437.50	\$103,960.82	\$740,534.63	\$169,684.98	\$67,349.70	\$665,668.15	\$263,457.75	\$8,416.20	\$3,416,843.51

CLOSED

**U.S. District Court
Western District of Louisiana (Lafayette)
CIVIL DOCKET FOR CASE #: 6:06-cv-00620-RFD-CMH**

LaHaye et al v. Sasher et al
Assigned to: Judge Rebecca F Doherty
Referred to: Magistrate Judge C Michael Hill
Cause: 28:1332 Diversity-Fraud

Date Filed: 04/12/2006
Date Terminated: 08/10/2006
Jury Demand: None
Nature of Suit: 370 Fraud or Truth-In-Lending
Jurisdiction: Diversity

Plaintiff**Leon C LaHaye**

represented by **Michael P Maraist**
Maraist Law Firm
600 Jefferson St Ste 403
Lafayette, LA 70506
337-266-2230
Fax: 337-266-2231
Email: michael@maraistlaw.com
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Charles J Boudreaux, Jr
Preis & Roy (LAF)
P O Drawer 94-C
Lafayette, LA 70509
337-237-6062
Fax: 337-237-9129
Email: cjb@preisroy.com
ATTORNEY TO BE NOTICED

Plaintiff**Lacey LaHaye**

represented by **Michael P Maraist**
(See above for address)
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

Charles J Boudreaux, Jr
(See above for address)
ATTORNEY TO BE NOTICED

V.

Defendant

Exhibit 2

William R Sasher
doing business as
 American Safe Rooms

Defendant

Bonita Gail Sasher

Date Filed	#	Docket Text
04/12/2006		FILING FEE: on behalf of Leon C LaHaye, Lacey LaHaye in the amount of \$350.00, receipt number 64635000044 (crt,Alexander, E) (Entered: 04/12/2006)
04/12/2006	1	COMPLAINT against Bonita Gail Sasher, William R Sasher, filed by Leon C LaHaye, Lacey LaHaye. (Attachments: # 1 Exhibit A; # 2 Civil cover sheet) (crt,Dean, S) (Entered: 04/13/2006)
04/12/2006	2	SUMMONS ISSUED as to Bonita Gail Sasher, William R Sasher. (crt,Dean, S) (Entered: 04/13/2006)
05/05/2006	3	SUMMONS Returned Executed by Leon C LaHaye, Lacey LaHaye. Bonita Gail Sasher served on 4/14/2006, answer due 5/4/2006; William R Sasher served on 4/14/2006, answer due 5/4/2006. (crt,Williams, L) (Entered: 05/08/2006)
08/02/2006	4	MOTION for Consent Judgment by Leon C LaHaye, Lacey LaHaye, Bonita Gail Sasher, and William R Sasher. (Attachments: # 1 Memorandum / Brief ; # 2 Exhibits ; # 3 Proposed Consent Judgment)(crt,Brown, A) (Entered: 08/02/2006)
08/10/2006	5	CONSENT JUDGMENT IT IS HEREBY ORDERED, ADJUDGED AND DECREED that a money judgment is rendered in favor of Dr. Leon C. LaHaye and Lacey La Haye, and against William R. Sasher and Bonita Gail Sasher, in solido, in the amount of \$86,675.00 in principal, with interest on the principal accruing from June 1, 2005 at the rate of 4.0% per annum until paid, together with reasonable attorney's fees and expenses in the amount of \$5,000.00 and all costs of these proceedings. Signed by Judge Rebecca F Doherty on 08/10/06. (crt,Guidry, C) (Entered: 08/11/2006)
01/03/2007	6	CERTIFICATION OF JUDGMENT for registration in another district (crt,Brown, A) (Entered: 01/04/2007)

PACER Service Center			
Transaction Receipt			
07/21/2008 13:46:23			
PACER Login:	du3574	Client Code:	
Description:	Docket Report	Search Criteria:	6:06-cv-00620-RFD-CMH
Billable Pages:	1	Cost:	0.08

RECEIVED

APR 12 2006

ROBERT H. SHAWWELL, CLERK
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE, LOUISIANA

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF LOUISIANA

LAFAYETTE-OPELOUSAS DIVISION

DR. LEON C. LAHAYE AND
LACEY LAHAYE

VERSUS

WILLIAM R. SASHER d/b/a
AMERICAN SAFE ROOMS AND
BONITA GAIL SASHER

CIVIL ACTION NO.

JUDGE JUDGE DOHERTY

MAGISTRATE JUDGE HILL

CV06-0620

L-0

COMPLAINT

NOW COME Plaintiffs, DR. LEON C. LAHAYE ("Dr. LaHaye") and LACEY LAHAYE ("Mrs. LaHaye"), through undersigned counsel, who for complaint against Defendants, WILLIAM R. SASHER d/b/a AMERICAN SAFE ROOMS and BONITA GAIL SASHER, respectfully allege as follows:

1.

Dr. and Mrs. LaHaye are married individuals of the full age of majority, domiciled and residing in Arnaudville, Louisiana.

2.

Upon information and belief, Defendant William R. Sasher is an individual of the full age of majority who is domiciled and residing in Lynchburg, Tennessee.

3.

Upon information and belief, Defendant Bonita Gail Sasher is an individual of the full age of majority who is domiciled and residing in Lynchburg, Tennessee.

4.

The amount in controversy in this matter exceeds the sum of \$75,000, exclusive of interest and costs.

5.

As alleged above, Plaintiffs and Defendants are citizens of different States.

6.

Accordingly, this Honorable Court has subject matter jurisdiction herein under 28 U.S.C. § 1332 ("Diversity of Citizenship" Jurisdiction).

7.

Within the Western District of Louisiana, Defendants have entered into contractual obligations in this District requiring performance in this District, and/or have committed unfair trade practices and other tortious actions for the purpose of deceiving and/or defrauding Plaintiffs and/or the general public in this District, or otherwise causing damage in this District. Thus, venue is therefore proper in the Western District of Louisiana.

8.

The Plaintiffs are currently in the process of building a new home in Arnaudville, Louisiana. For their new home, Plaintiffs desired to install an underground Safe Room/Wine Cellar.

9.

Plaintiffs first learned of William R. Sasher ("Sasher") while Dr. LaHaye was conducting Internet research for a qualified manufacturer and installer of an underground Safe Room/Wine Cellar. During such research, Dr. LaHaye discovered a

web site for "American Safe Rooms," which purported to be a company engaged in the business of designing, manufacturing and installing above and below ground shelters for protection against natural disasters, terrorist attacks and home intrusions.

10.

Upon information and belief, Defendants hosted web sites for "American Safe Rooms" at multiple Internet URL addresses, including "www.americansaferooms.com" and "www.bomb-shelters.com".

11.

In the aforementioned web sites, "American Safe Rooms" represented itself to the Plaintiffs and the general public as a company with the experience to provide a "safe" and "healthy" product meeting the needs for a Safe Room. It specifically marketed "above ground and below ground protection from hurricanes, tornadoes and terrorist attack" and purported to specialize "in the development of sustainable solutions to protect you and your family in a natural or man-made disaster." "American Safe Rooms" also advertised its product as being able to withstand the fallout from a nuclear blast. Its website touted its "Dual Steel" technology as a "safe" and "stronger" alternative to concrete structures, and boasted of a 50-year warranty on "American Safe Rooms" steel shelters.

12.

After reviewing the information contained on the aforementioned web sites, Dr. LaHaye contacted William R. Sasher from Lafayette, Louisiana by way of the contact information listed on the "American Safe Rooms" web sites. Sasher, by sending documentation to Louisiana and in telephone conversations and personal interchanges

with Dr. LaHaye and/or his general contractor in Lafayette, Louisiana, represented to Plaintiffs that Sasher and "American Safe Rooms" had the experience, design capabilities, manufacturing resources and installation skill to manufacture and install an underground Safe Room/Wine Cellar at the construction site for the Plaintiffs' new home in Arnaudville, Louisiana.

13.

Upon request by Dr. LaHaye, on or about May 20, 2005 Sasher submitted a proposal to Plaintiffs, accompanied by a Purchase Agreement, by which Sasher and "American Safe Rooms" offered and Plaintiffs accepted the project proposed for the installation of a Safe Room/Wine Cellar (42.5'L x 19'W x13.5'H). The total price was \$173,350.00 and a deposit of one-half of the total, \$86,675.00, was required by Sasher to begin the project.

14.

Plaintiffs submitted to Sasher a check for \$86,675.00 made payable to "American Safe Rooms" as a deposit on the Safe Room/Wine Cellar. The check was negotiated and endorsed on or about June 6, 2005 by "American Safe Rooms, Bonita G. Sasher."

15.

The Purchase Agreement was signed in Arnaudville, Louisiana by Dr. LaHaye and by Sasher, as "President" of "American Safe Rooms", on or about June 1, 2005, after visits by Sasher with Plaintiffs in Arnaudville at Plaintiffs' proposed construction site to survey the location and plan the project. Pursuant to the Purchase Agreement prepared by Sasher, expected delivery of the Safe Room/Wine Cellar was approximately 12 weeks from Sasher's receipt of the first installment payment, or

August 29, 2005. Attached hereto as Exhibit "A" is a copy of Sasher's proposal, Purchase Agreement, related correspondence to Plaintiffs, and the check issued by Plaintiffs and negotiated by Defendants.

16.

To date, Sasher has failed altogether to deliver and install a Safe Room/Wine Cellar for Plaintiffs, and has only given Plaintiffs unsubstantiated excuses for such failure.

17.

Plaintiffs have incurred substantial delays in the construction of their home due to Sasher's continued failure and inability to complete the initial construction of the Safe Room/Wine Cellar. Sasher has given multiple excuses for his total failure to deliver on any part of his promise to install the structure, and has broken several install dates after asking Plaintiffs on different occasions to secure heavy equipment (such as a crane, a back hoe with extendable boom and a concrete pumping truck), and to prepare their construction site for his installation.

18.

Plaintiffs have had a large hole and slab constructed for the underground room at their new home site to Sasher's specifications and per his request over 7 months ago, which hole and slab have held up construction on the rest of the Plaintiffs' home. Plaintiffs have since been forced to engage a new contractor to install the Safe Room/Wine Cellar that Sasher and "American Safe Rooms" failed to deliver and install. As a result of having to engage a replacement contractor, Plaintiffs have incurred additional damages in types and amounts to be proven at trial.

19.

Despite repeated requests by Plaintiffs, their general contractor and their attorney for information or an update from Sasher, Sasher has continually failed to provide an acceptable explanation for the delayed installation. Sasher at one point gave Dr. LaHaye the excuse that Sasher purchased the incorrect materials, and then unilaterally turned around and sold those materials to some other buyer in Florida.

20.

Sasher has also given Plaintiffs varying stories on the thickness of the steel plates capable of being used for the walls of the Safe Room, which accounts directly conflict with the stated specifications for safe room walls on the aforementioned American Safe Rooms' web sites, and on prior proposals and verbal commitments by Sasher. Although Plaintiffs initially selected a wall thickness well within the range advertised on said websites, Sasher's written proposals and verbal affirmations, Sasher later told Plaintiffs the initial walls built to that specification were buckling, and that thinner steel plates would be required for the installation. Sasher later told Plaintiffs that even the thinner steel plates (also within the advertised range of available thicknesses) were buckling after they were assembled in the configuration ordered by Plaintiffs.

21.

Sasher has made unambiguous statements to Plaintiffs and their general contractor claiming his substantial expertise and successful execution of projects of this nature with on-site, in-house equipment and services which Sasher represented he had to accomplish this project. However, in later communications Sasher stated to Dr. LaHaye that he had to out-source much of the project despite the prior representations

he made personally, and the representations made in the literature disseminated across state lines, via the Internet and by personal delivery to Louisiana.

22.

Final amicable demand was made by Plaintiffs through counsel to Sasher giving him a deadline of March 1, 2006 in which to tender a refund of the \$86,675.00 paid by Plaintiffs. Although written demand was sent to every address used in the "American Safe Rooms" proposals Purchase Agreement, documentation and websites, each such letter was returned to counsel for Plaintiffs as "unclaimed." Defendants have failed to refund any money to Plaintiffs whatsoever.

23.

The aforementioned web sites operated by Sasher are no longer on line and/or accessible. Said web sites are registered in the name of a Tennessee corporation which apparently was subjected to administrative dissolution in 1990. However, another website located at the Internet URL address of "www.northeastsheltersystems.com" currently purports to be that of Northeast Shelter Systems out of Greenville, New Hampshire, an "Authorized American Safe Rooms Dealer." However, the URL address for said website appears to be registered to "Bill Sasher, P.O. Box 292, Lynchburg, TN 37352," one of the same addresses used by "American Safe Rooms."

24.

Upon information and belief, "American Safe Rooms" is not a valid business entity and/or is a sham entity formed by Defendants for the purposes of defrauding consumers such as Plaintiffs. "American Safe Rooms" is not a business entity registered with, or authorized to conduct business in, the State of Louisiana. As such,

3070881.1

Defendants are personally and solidarily liable for any torts and/or unfair trade practices committed in the name of such sham entity.

25.

To the extent "American Safe Rooms" is a valid partnership or proprietorship, Defendants are personally and solidarily liable for any torts committed by such partnership or proprietorship, or for any debts, obligations or liabilities incurred during their operation under the name "American Safe Rooms."

26.

Upon information and belief, Defendants have defrauded Plaintiffs by converting and/or misappropriating \$86,675.00 from Plaintiffs without giving anything in return and never intending to deliver or install a Safe Room, all in violation of Louisiana's Unfair Trade Practices and Consumer Protection Law, La. R.S. 51:1401 *et seq.* ("LUTPA").

27.

Plaintiffs would not have contracted with Sasher and/or "American Safe Rooms" for the construction and installation of the Safe Room/Wine Cellar, and would not have given Plaintiffs any money, had Sasher been forthright and honest with respect to his ability to successfully design, construct and install the structure.

28.

Upon information and belief, Bonita G. Sasher is solidarily liable with William R. Sasher for all violations of LUTPA alleged herein insofar as she is the individual who endorsed and negotiated the check from Plaintiffs made payable to "American Safe Rooms," and thus is personally involved with the misappropriation of the funds.

29.

Alternatively, Sasher at a minimum has knowingly made multiple misrepresentations to Plaintiffs with regard to his experience and ability to complete this project, and/or otherwise acted unfairly and unethically in dealing with Plaintiffs in their capacities as consumers, all in violation of LUTPA.

30.

Plaintiffs satisfy the definition of "consumers" under LUPTA, and their dealings with Defendants meet LUPTA's definition of a "consumer transaction" made in the State of Louisiana.

31.

Prior to filing the instant matter, counsel for Plaintiffs submitted a consumer complaint on behalf of Plaintiffs to the Louisiana Attorney General, and, pursuant to the provisions of LUPTA, will copy the Attorney General with a copy of this Complaint.

32.

Thus, Defendants are liable to Plaintiffs for their unfair trade practices for the return of the \$86,675.00, treble damages, attorney's fees and all costs of these proceedings.

33.

In addition thereto, this Honorable Court is empowered to, and should enjoin Defendants of and from future false and/or deceptive marketing and business practices in the State of Louisiana.

34.

Alternatively, Sasher is liable to Plaintiffs for his bad faith breach of contract insofar as he has intentionally deceived Plaintiffs with respect to his ability to construct and install a Safe Room/Wine Cellar within the time frame contemplated by the Purchase Agreement and/or otherwise within a reasonable time.

35.

Plaintiffs have strong, nonpecuniary interests in building a Safe Room/Wine Cellar for their new home not only for the intellectual enjoyment of a wine cellar, but insofar as it was to provide peace of mind, a safe haven and refuge in the event of a natural or man-made disaster, or of an intrusion into Plaintiffs' home.

36.

Thus, Sasher is liable to Plaintiffs for his intentional, bad faith breach of contract for the return of the \$86,675.00, plus all unforeseeable damages pursuant to La. C.C. art. 1997, together with nonpecuniary damages (including, but not limited to, emotional distress) pursuant to La. C.C. art. 1998 as may be proven at trial.

37.

Alternatively, Defendants are liable to Plaintiffs per the above facts under the doctrine of unjust enrichment, pursuant to La. C.C. art. 2298.

WHEREFORE, Plaintiffs prays that after due proceedings had there be judgment in favor of DR. LEON C. LAHAYE and LACEY LAHAYE, and against WILLIAM R. SASHER d/b/a "AMERICAN SAFE ROOMS" and BONITA G. SASHER, for compensatory damages, treble damages, unforeseeable damages, nonpecuniary

damages, attorney's fees, costs, legal interest to the greatest extent allowed by law and injunctive relief; and,

FOR ANY AND ALL LEGAL AND EQUITABLE RELIEF AS IS JUST.

Respectfully submitted,

ONEBANE LAW FIRM

By: 

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(337) 237-2660

(337) 266-1232 fax

ATTORNEYS FOR DR. LEON C. LAHAYE
AND LACEY LAHAYE

RECEIVED

AUG 10 2006

ROBERT H. SHERWELL, CLERK
WESTERN DISTRICT OF LOUISIANA
LAFAYETTE, LOUISIANA

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF LOUISIANA

LAFAYETTE-OPELOUSAS DIVISION

DR. LEON C. LAHAYE AND
LACEY LAHAYE

VERSUS

WILLIAM R. SASHER d/b/a
AMERICAN SAFE ROOMS AND
BONITA GAIL SASHER

CIVIL ACTION NO. CV06-0620 L-O

JUDGE DOHERTY

MAGISTRATE JUDGE HILL

CONSENT JUDGMENT

CONSIDERING the foregoing Joint Motion for Consent Judgment and Memorandum in Support filed on behalf of Plaintiffs, DR. LEON C. LAHAYE and LACEY LAHAYE, and Defendants, WILLIAM R. SASHER and BONITA GAIL SASHER,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that a money judgment is rendered in favor of DR. LEON C. LAHAYE and LACEY LAHAYE, and against WILLIAM R. SASHER (SSN xxx-xx-4667) and BONITA GAIL SASHER (SSN xxx-xx-6433), in solido, in the amount of \$86,675.00 in principal, with interest on the principal accruing from June 1, 2005 at the rate of 4.0% per annum until paid, together with reasonable attorney's fees and expenses in the amount of \$5,000.00 and all costs of these proceedings.

THUS DONE AND SIGNED this 10 day of Aug 2006, in
Lafayette, Louisiana.


U.S. DISTRICT COURT JUDGE

IN THE CHANCERY COURT OF COFFEE COUNTY, TENNESSEE
FOR THE FOURTEENTH JUDICIAL DISTRICT AT MANCHESTER

STATE OF TENNESSEE, *ex rel.*)
ROBERT E. COOPER, JR.,)
ATTORNEY GENERAL and REPORTER,)
)
Plaintiff,)
v.)
)
DOGWOOD ENERGY, LLC, a Tennessee)
limited liability corporation, doing business as)
DOGWOOD ENERGY, LLC, DOGWOOD)
ENERGY, AMERICAN FREEDOM FUELS,)
PELLET MART, www.dogwoodenergy.com,)
www.americanfreedomfuels.com,)
www.woodfuelpellets.com, www.bulkpellets.com))
and www.pelletmart.com; BONITA GAIL)
SASHER a.k.a. BONNIE SASHER,)
individually and doing business as DOGWOOD)
ENERGY, LLC, DOGWOOD ENERGY,)
AMERICAN FREEDOM FUELS and)
PELLET MART; and WILLIAM RICHARD)
SASHER a.k.a. BILL SASHER, individually)
and doing business as DOGWOOD ENERGY,)
LLC, DOGWOOD ENERGY, AMERICAN)
FREEDOM FUELS and PELLET MART,)
)
Defendants.)

Case No. 07-5

AFFIDAVIT OF DONNA BALDWIN

STATE OF TENNESSEE)

DAVIDSON COUNTY)

I, Donna Baldwin, do hereby depose and aver as follows:

1. I am an adult resident of Tennessee and am competent to testify to the matters stated herein.

2. I make this affidavit on personal knowledge and understand that it may be used in legal proceedings.

3. I swear that the facts contained herein are true and accurate to the best of my knowledge.

4. I am employed as a paralegal with the Consumer Advocate and Protection Division of the Office of the Tennessee Attorney General. I have been employed in this capacity since February 2003.

5. I have been assisting in the investigation and prosecution of *State of Tennessee v. Dogwood Energy, LLC, et al.*

6. In the course of my duties at this Office, I am responsible for reviewing certain consumer complaints, including those regarding the above named Defendants.

7. Also in the course of my duties at this Office, I am responsible for investigating the activities of various businesses, including, but not limited to, gathering information regarding business structure, the individuals who own and/or operate the business and other general information regarding the business operation and the individuals involved.

8. As part of the investigation process, I review consumer protection complaints from various state, federal and non-profit agencies and organizations.

9. Based upon the complaints I have reviewed as well as a review of documents provided by the Defendants in this matter, the total number of consumers who ordered wood

pellets from the Defendants between December 4, 2005 and September 21, 2006 is 866.

10. The total number of consumers who did not receive their wood pellet order or a refund, and are therefore owed a refund, is 580. *See* Exhibit 1, attached hereto. (Exhibit 1 attached to the court-filed affidavit is redacted to protect consumer privacy, and includes the last name and first initial of each consumer, along with their city and state of residence, refund amount and the source of the consumer information.) The total amount owed to consumers is \$383,651.00.

11. Of the remaining 286 consumers, 91 received a chargeback of their purchase amount. These consumers did not receive their wood pellet order and filed claims with either their credit card company or PayPal to receive their money back. Chargebacks are initiated by the consumer, not by the company in question. Although these consumers received their money back, they did not receive the money from Defendants, but from either their credit card company, bank or PayPal.

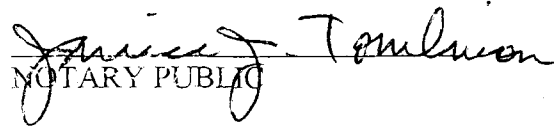
12. Of those approximately 195 consumers who received their wood pellet order, approximately 121 received their order late.

13. All of the above is true and accurate to the best of my knowledge.

FURTHER AFFIANT SAITH NOT.


DONNA BALDWIN
Paralegal

Sworn to and subscribed before me
this 26th day of June, 2007.


NOTARY PUBLIC

My commission expires:

7/21/2007

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